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To understand what this means it is necessary to have in mind the term "article" rather than some broad category such as steel or textiles or chemicals. The term "article" in the case of steel, for example, might mean reinforcement bars, nails, or other easily identifiable steel product. However, a group of closely related articles that jointly produce a competitive impact could also be considered as a unit for reservation.

If articles that meet the specifications under this paragraph were reserved, the so-called linear or broad category approach to tariff reduction, for which there is no proper justification, would have some of its sting drawn.

A number of articles or closely related groups of articles would meet this criterion. While no exact listing can be made, it seems safe to say that the following items would be included: Steel (wire nails and staples, barbed wire, woven wire fence, wire rods, reinforcing bars, ingots, blooms, billets, slabs, etc., pipe and tubing); beef, lamb, wool; dairy products; citrus products, dried fruits and nuts; cotton textiles, shoes, hats and millinery, gloves, men's haberdashery; copper and brass mill products; glassware, pottery, ceramics, certain tiles; bicycles, guns, pins, wood screws, needles, watches; electronic products and office equipment; plywoods and lumber products; cement, concrete products; synthetic organic chemicals, dyestuffs; automotive parts; rubber products; fishery products.

2. The second class of articles would consist of those of which imports had for some years captured a large share of the market, i.e., at least 20 percent. In recent years, the imports might have been more or less static. However, they might have the effect of holding down the expansion of the domestic industry. Therefore, if imports since 1958 had increased more than domestic production, the article would also be removed from the President's negotiation list. Some of the articles of the preceding paragraph would also fall into this category. It is added to meet situations where imports need not have doubled in order to make the article eligible. If imports were already at the 20 percent level a doubling of imports would not be necessary to justify removal from the President's list.

Again, it would be the imports of the article or group of closely related articles and not necessarily the whole spectrum of products made by an industry that would be examined to determine whether it would qualify for reservation.

3. The third group would withhold items that are under an import quota limitation or had been accorded a tariff increase under the escape clause. Lead and zinc and bicycles would be included in this category; also women's hats of certain value brackets; and possibly several other items of modest output.

4. There is another situation that would make further tariff reduction unjustified. If since 1958 employment of production workers in the domestic industry has declined by as much as 10 percent, cumulatively or in any one year while imports have increased compared with domestic production, the evidence, again, is overwhelming that imports have an advantage even at the present duty level. A further tariff reduction therefore could not be justified. If a reduction were nevertheless made it could be done only with the deliberate intent of inviting imports to create yet greater havoc. Employment is a very important consideration in assessing the effect of imports, and this subsection is designed for this purpose.

5. The fifth group of the amendment would consist of farm products that are under price support or under a price stabilization program, or under soil conservation programs. Further tariff reductions would simply aggravate the surplus situation and in-

crease the cost of the agricultural program. Dairy products, wheat and wheat flour and other farm products that are under price support or marketing agreements would be included.

6. The sixth group would consist of imports of fishery products in those cases in which the Department of the Interior has in effect research or conservation programs for the preservation of a commercial fishery. The success of such programs would be materially retarded or doomed if imports were encouraged by further tariff reductions. Already imports have come to exceed domestic production of fishery products.

7. The seventh subsection would eliminate cotton textiles, which are the subject of an international agreement that limits exports of cotton textiles to this country by category. It was negotiated because cotton textile imports had made deep inroads into the domestic market under the existing duty rates.

To cut these rates now would place cotton textiles into a weaker position than before the international agreement was made. The agreement has not much over 3 years to run and it could then be terminated. If meantime the existing duty were cut, ruination would face the industry.

8. The eighth subsection is aimed at the practice of European countries to restrict imports from Japan and thus creating greater pressure for Japanese exports to the United States. If we reduce our tariffs further while European countries maintain their restrictions, this country will become the dumping ground for Japanese goods that Europe will accept only in small quantities. The whole purpose of the amendment would be to lift from industry, agriculture, and labor the depressing prospect of yet sharper import competition in those instances in which the present tariff itself is not high enough to keep imports from damaging domestic production and discouraging domestic expansion.

Finally, subsection (f) provides that no statutory nontariff trade restrictions may be eliminated, or changes in the bases of customs valuation negotiated.

This provision would prevent elimination of the American selling price as a basis of customs valuation. The chemical industry, rubber-soled footwear, and one or two other items would be safeguarded in their possession of the American selling price as the basis of duty assessment.

The Buy American Act, the Antidumping Act, the manufacturing clause of our copyright law and the countervailing duty provision of the Tariff Act of 1930 would be removed from the powers of our negotiators to modify these laws in their bargaining with GATT.

THE TRADE EXPANSION ACT OF 1962

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from North Carolina [Mr. WHITENER] is recognized for 60 minutes.

(Mr. WHITENER asked and was given permission to revise and extend his remarks and to include extraneous matter.)

Mr. WHITENER. Mr. Speaker and Members of the House, back in 1962 when we considered and passed the Trade Expansion Act here in the House of Representatives, I was one of those who voted against it because I was apprehensive that it would not prove to be to the best interests of our country to support the legislation.

Mr. Speaker, there were many Members of the House who supported this

so-called Trade Expansion Act of 1962, and in supporting it they were just as satisfied as could be that it would be to the best interests of the country. But, now that experience has been had I am sure that many of those are now deciding that perhaps they were in error in giving their support to that legislation.

Mr. Speaker, I was interested just recently in some statistics which I received from an industry that is not operative in the area that I represent. But I believe that their experience is not unlike that of many other industries. They pointed out that between 1956 and 1962 imports of drawn wire excluding baling wire, had increased by 375.50 percent which represents a figure in tons of from 47,040 tons in 1956 to 223,673 tons in 1962.

Mr. Speaker, in their statement to me this organization further pointed out that during the past 5 years at least three companies in the United States had given up completely the production of wires. These companies were the Wickwire-Spencer Co., of Buffalo, N.Y.; the Pittsburgh Steel Co. and Bethlehem Steel Co. One of the reasons that they had to give up, of course, was that they just could not compete with the foreign imports of wire.

Mr. BERRY. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I am happy to yield to the gentleman from South Dakota.

Mr. BERRY. I have been told by carpenters and contractors that it is absolutely impossible to buy a domestically made nail and this has been true for the last several years.

This fits in exactly with what the gentleman from North Carolina is saying. Nails and staples, along with wire, are all imported today.

Mr. WHITENER. And, for the most part from Belgium and West Germany.

I might say to my friend from South Dakota that it is not difficult to understand when we realize that the average hourly wage paid for the production of nails and wire in this country is \$3.87; whereas, in England the rate of pay is only \$1.14 an hour and in West Germany, \$1.43. In Belgium that wage is \$1.06. On top of that I am told that they have tax concessions within their own country which contribute to this price-cutting facility which they enjoy and which is actually eliminating, as I pointed out, some of our most efficient manufacturing concerns from competition in this field.

Mr. BERRY. Mr. Speaker, will the gentleman yield further?

Mr. WHITENER. I yield further to the gentleman from South Dakota.

Mr. BERRY. Even if they did not have direct tax concessions in those countries the manufacturers of those commodities do not have to pay their proportionate share of the \$50 billion defense bill that our manufacturers have to pay. This is the thing that puts us out of competition with industry from foreign countries, primarily.

Mr. WHITENER. I know that the gentleman from South Dakota is aware

of the fact that in most of these areas, particularly West Germany and Belgium, today instead of having an unemployment problem the problem is just the reverse, and they are having difficulty finding enough workmen—

Mr. BERRY. They bring them in from Italy.

Mr. WHITENER. To produce these goods which they are dumping in this country at prices which are lower than our people can compete with.

I mentioned this letter I had from some of the wire people. I only mention that to show that that is happening in that industry; but the wire industry and the nail industry, instead of being an exception, I suppose it is more or less the rule.

The same thing is happening in textiles, and in other fields, particularly, as the gentleman well knows, in cattle, and even from New Zealand and Australia I understand they are shipping apples in notwithstanding their bulk and cost of shipping, to sell to our people.

Mr. PILLION. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman from New York.

Mr. PILLION. I tried to verify the gentleman's statement concerning the closing down of the Wickwire-Spencer plant of the Colorado Iron & Fuel Co., which was located in the Buffalo area.

One of the major reasons for that shutdown was the foreign imports of wire and, of course, that closing put something like 1,500 workmen out of work in that area.

I might say that in the steel business you have increasing competition also from Japan, where they have the most modern steel plants and modern machinery.

Mr. WHITENER. Now, the second largest steel producing country in the world.

Mr. PILLION. That is right, in spite of lack of resources, raw materials, that they have to bring in from foreign nations. With their new machinery the productivity of a workman in Japan is just as great as that in the United States.

Mr. WHITENER. But the wages are not the same.

Mr. PILLION. The wages are one-fifth of those in the United States, something like 75 cents or 80 cents, whereas our wages are between \$3 and \$4. We have a real problem in the steel industry that is such a great part of our economy. I just wanted to add that to what the gentleman has been saying on this particular subject.

Mr. WHITENER. As the gentleman indicated his familiarity with the Wickwire-Spencer Co., of Buffalo, I think the gentleman will agree with me that that company and the Pittsburgh Steel Co., and the Bethlehem Steel Co., would hardly fit into the category of an industry that we heard so much about from our State Department friends, as "inefficient industries."

Mr. PILLION. Hardly. They are about as efficient as you can get them. If they close up, it is a pretty tough situation.

Mr. WHITENER. And companies of that type in this country are forced to give up the ghost, so to speak, so that we can hardly expect new companies to emerge on the horizon.

Mr. PILLION. It is impossible for a new corporation to build up to a productive unit.

Mr. WHITENER. I thank the gentleman from New York. I was happy to be able to join with him in this 2-hour discussion today. I also join with him in introducing the legislation which so many of our colleagues have joined us in on this important day in the history of this Congress.

Mr. Speaker, I have taken the floor on numerous occasions in a continuing effort to prevent imports from visiting destruction on one of America's leading industries, namely, textiles. It is a matter of record and I have perhaps tried your patience in the process.

I am taking the floor today in pursuit of the same objective, and also a broader one. It is true that the situation has improved with respect to the textile industry, which is the leading industry in my district. This improvement, however, does not have the marks of permanency and in fact, as matters stand, is temporary. The international agreement under which textile exporting countries limit their exports to us has only 3½ more years to run. This fact will soon confront the industry with uncertainty and it will become more difficult to plan long-range investments and expansion programs.

Today there is a threat on the horizon and I do not think that it should be lightly dismissed. I refer to the GATT tariff reduction conference that convened on May 4 and will resume on November 16. Under the grant of authority extended to the President under the Trade Expansion Act of 1962, the existing tariffs on textiles as well as nearly all other products could be reduced another 50 percent.

It might occur to our trade negotiators that such a reduction on textiles could be justified on the ground that the quota limitations now in existence would in any case restrict imports and therefore reduction of the tariff could do no damage. I cannot subscribe to such a view. There is and can be no assurance that the international agreement will be renewed. Should it be allowed to lapse or should some of the leading countries that are a party to it refuse to extend it upon expiration, we would thus find the American textile industry, with the tariff reduced 50 percent, exposed more grievously than it was even before the international agreement was negotiated.

Mr. Speaker, the proposed legislation would avoid further tariff reductions on articles or products that have reached levels of importation high enough to demonstrate that the existing tariff is not unduly restrictive. It assumes that past tariff reductions have gone far enough to open our market to a liberal volume of imports and that further reductions would merely expose domestic producers to a yet greater flood of imports. The criteria proposed in the leg-

islation are designed, not to increase any duties, but to exclude articles that have contributed their fair share or more to the policy of increasing imports. Whatever this policy may be worth it should not be saddled disproportionately on particular products. Those that have already experienced a heavy impact of competitive imports should not be asked to make a yet more burdensome contribution.

This is the spirit of the proposed legislation. Products that would appear to benefit from its passage by being removed from the President's list would include textile products, beef, and some fishery products, certain steel products, certain items of footwear, lead and zinc, copper, hardwood plywood, woolen goods including some items of apparel, consumer electronic goods, items of glassware and pottery, tile, wood screws, farm products that are under price support or price stabilization, including dairy products.

I do not believe that Congress contemplated as broad a sweep of tariff reductions as is now proposed. The decision to cut nearly all products by 50 percent was an administrative one. The Congress, taking its cue from past practices, expected selective reductions, that would be made in the light of the hearings which were provided for in the act.

Now we find that this reasonable approach was jettisoned by administrative decision. This decision was incorporated in an agreement reached in Geneva in May a year ago. This was to the effect that all items, with a bare minimum of exceptions, would be included.

The statute, that is, the Trade Expansion Act of 1962, itself reserved a few items. With the exception of petroleum and petroleum products, which was reserved, the imports of the other items put on the reserved list represented less than 1 percent of total imports. These were the successful escape clause items.

In all past tariff-reduction conferences, numerous items were withheld, not by law but by the negotiators. Textile products were held back until 1955. When the duty was reduced a flood of imports broke over the domestic industry and the industry was soon in deep distress.

Such an experience should have taught our trade-law administrators a lesson; but apparently the lesson was lost on them.

Mr. Speaker, the injury inflicted by imports is at least twofold. Imports capture a share of the domestic market and thus reduce the sales of the domestic manufacturers. Workers are thrown out of jobs. This represents the direct damage.

There is a further damage in the discouraging market outlook produced by the imports. Domestic companies, with few exceptions, will not venture into expansion programs when the doors to imports remain wide open and when they have seen imports take a growing share of the market. This hesitancy results inevitably in stagnation, a decline in new investment, et cetera, and therefore the industry does not hire its normal share of new workers who come on the scene

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as a result of population increase. Therefore unemployment is fed from two sources; namely, from actual displacement of workers by imports and from the failure of new jobs to open up.

I have said the injury from rising competitive imports is at least twofold. When the imports rise like a tide that no one can stop, industries come under great pressure to become more competitive in order to avoid being driven out of business. The only recourse then lies in the installation of labor-saving machinery and resort to as much automation as possible. The effects of this course may be a lifesaver as far as the companies are concerned, although there it does not always succeed by any means; but employment is reduced by the very process by which the industry seeks to save itself. This then is a third source of unemployment.

Labor-saving machinery under different circumstances, when the market is not invaded by cheap goods from abroad, will in time usually lead to enough increased consumption to call for additional employment. This beneficial result does not develop when imports are catering to the price-sensitive consumer and therefore preempt his patronage. The result is net unemployment and a recession of the domestic industry to a lower share of the total market.

It is for this reason that the proposed legislation would reserve articles in the production of which the number of production workers had declined as much as 10 percent since 1958 while imports have grown more rapidly than domestic output.

If this principle had been followed in the past some of the distress caused by imports in the past 10 years might have been prevented.

Mr. Speaker, I know that it will be said that today the economy is expanding and that capital investment is reaching record levels. We should keep in mind that we have in the past also had such expansion followed by recessions. I sincerely hope that we are not facing a recession now or any time soon, but we cannot assume that we are free of these cyclical swings. We must not be too eager to base policies on recent developments.

Also I would like to point out three things about the recent expansion in capital investment in this country. One is that only in 1963 did we exceed the 1955 level; and this was without shrinking the 1963 dollar to the 1955 dollar. If that were done the 1963 figures would slip from their record status. Second, most of the investment in new plant and equipment which is expected to reach a record level of about \$42 billion during the present year is going into non-manufacturing activities, such as utilities, communications, transportation, commercial operations, and so forth. Only about 40 percent has been going into manufacturing plant and equipment. Third, of the amount going into manufacturing, that is some, \$17 billion, nearly two-thirds will go into modernization. This leaves only some \$6 or \$7 billion going into expansion of manufacturing facilities.

Modernization usually means installation of more productive and less labor intensive equipment. The heavier the pressure from imports, the greater the pressure for this type of investment as distinguished from plant expansion.

There is a fourth comment that should also be made. Our foreign investments have experienced quite a boom while we have since 1957 until this year virtually stood still at home. This simply meant that many of our industries found the investment outlook abroad more attractive than here at home. Also it represented an effort to hold foreign markets by investing there rather than depending on exports from the United States.

Mr. Speaker, quite a bit of the increase in our exports in recent years can be accounted for by these foreign investments and by various programs of Government aid or subsidization. The foreign investments led to an increase in the exports of machinery and parts, but this may be a self-defeating process.

I am convinced that we are on the wrong track when we propose to cut our remaining tariffs in half and thus overexpose those of our industries that are already suffering from severe import competition. We will do untold damage in all those respects that I have just enumerated. We will generate discouragement of investment; we will cause displacement of more workers, a greater outward movement to foreign countries by capital that would otherwise go into new plant and equipment here; and we will underwrite industrial stagnation once the benefits of the recent tax reductions have been absorbed, if we give the trade program's administrators their head.

It is for this reason that I am in support of the proposed legislation which I am introducing along with my colleagues.

I join with the others in calling for early hearings by the Ways and Means Committee because the time for action is short.

(Mr. WHITENER asked and was given permission to revise and extend his remarks.)

(Mr. SENNER (at the request of Mr. WAGGONER) was granted permission to revise and extend his remarks at this point in the RECORD.)

Mr. SENNER. Mr. Speaker, will the gentleman from North Carolina yield?

Mr. WHITENER. I will be more than happy to yield to the gentleman from Arizona.

Mr. SENNER. I gladly associate myself with the distinguished gentleman from North Carolina and with his remarks made here on the floor today. His words show his deep concern with events since the passage of the Trade Expansion Act of 1962, events which have had and are having serious effects in our respective districts.

I was not here at the time of passage of the Trade Expansion Act; I did not vote on it. But I am convinced that further reductions in tariffs on products which are the mainstay of the economies of communities in my district would cause extreme hardship to worker, ranchman, farmer, lumberman, and

miner. Already cattle, lumber, and copper industries are seriously affected.

I have previously pointed out to my colleagues that the copper industry is vital to the economy of the State of Arizona, and indeed to the entire Nation. This is especially true in my own third congressional district of Arizona. There many communities depend upon mining for life itself. They are "one-industry" towns.

The American copper industry pays a decent wage scale to its workers, averaging \$22.56 per day. Must this native industry then compete with foreign producers who pay as little as \$2 to \$3 a day? American copper industry management and labor adhere to rigid safety rules and regulation. Must they then go into open market competition against foreign industries in which production is the only rule and in which the health and lives of men is of no consequence?

But in any case, must we not preserve this vital industry for the safety of the Nation? Mines and mining are important to the national defense, fully as vital as missile sites, air bases, and the basic weapons of war. A mine is not developed overnight. If the time comes when the Nation must depend completely upon domestic production, the mining industry must be strong and healthy.

The record of imports shows that these products now flow freely into the country. Why then further tariff reductions? The Trade Expansion Act of 1962 provided for extensive and intensive hearings by the Tariff Commission, yet the President's Special Representative agreed with the GATT—General Agreement on Tariffs and Trade—that all items of our tariff would be offered for the 50-percent cut and that exceptions would be kept to the bare minimum.

Surely, Mr. Speaker, that was contrary to past practice and violated the purpose of the hearings before the Tariff Commission, hearings which consumed some 4 months' time and the testimony of a thousand witnesses. Now the ground is cut from under them. The President's Special Representative went further. He agreed that any list submitted by this country as its exceptions will be subject to "confrontation and justification." Other countries may then question any item on the list of exceptions, may persuade our negotiators to take some of these exceptions off the list, even though this list of exceptions is supposedly the bare minimum.

The adjustment assistance provided by the Trade Act to industries mortally wounded by deep tariff cuts has been shown to be a dead issue. The Tariff Commission has refused adjustment assistance to any kind of industry or labor during the last year and a half since the act became effective.

As I understand it, the gentleman from North Carolina would amend the Trade Expansion Act of 1962 to provide safeguards, to prevent further reductions of tariffs on certain imports. This is not indiscriminate. He would put them to the test: First, has there been more than a 100-percent increase in imports of that certain commodity since 1958; second, have imports of that commodity exceeded

10 percent or more per year of domestic production?

Copper is not my only interest, Mr. Speaker, but I must point out that according to figures in my hands, net imports of copper during the year 1958 totaled 92,142 short tons. In 1963 copper imports had reached a shocking 222,142 short tons. And percentage-wise, imports have far exceeded 10 percent of domestic production. This was true in 1958 and each succeeding year. It is true today.

Imports have already taken a liberal share of our markets. Further tariff cuts would jeopardize the very existence of vital industries. Further cuts threaten not only these industries directly, but affect all associated with them directly and indirectly.

I am happy to join the gentleman from North Carolina [Mr. WHITENER] in support of this legislation; I also sponsor it. Congress must speak plainly. We must make our intention clear. To do otherwise or to refuse to act is folly.

(Mr. HUDDLESTON (at the request of Mr. WAGGONER) was granted permission to revise and extend his remarks at this point in the RECORD.)

Mr. HUDDLESTON. Mr. Speaker, I agree with the purpose of the bill to amend the Trade Expansion Act of 1962. It is obvious from what has happened since its passage that it is badly in need of amendment. While the present bill is designed as a preventive measure against excessive future damage to many of our industries and their workers and is not aimed at increasing tariff rates or improving the remedy against injury contained in the act, I think it nevertheless has great merit. It would temper the excesses to which those responsible for the GATT negotiations have committed themselves.

I am sure that it was not contemplated by Congress that the authority to reduce our tariffs another 50 percent, among other reductions, would be pressed to the extreme degree to which our negotiators have committed themselves. With minor exceptions the whole tariff list of more than 5,000 items will, under the terms accepted by our negotiators, be exposed to wholesale evisceration. This represents extremism of the highest degree.

That the competitive capacity of our industries varies greatly has long been recognized. Why then should tariff reductions be made across the board as is now the intention? Costs of production vary greatly among the countries that export to us. Some products come principally from the lowest wage and lowest cost areas of the world. Why should they be lumped indistinguishably with those that come largely from the higher cost areas? We have different levels of tariffs to fit the different needs. Why ignore this principle now?

The only answer must lie in the view that we really need no tariffs and the sooner we rip off what we have left of them, the better. This, however, was not the intent of Congress in passing the act 2 years ago. Had that been the purpose there would have been no point in providing for extensive hearings before the Tariff Commission. Yet such hear-

ings were called for in the act, and they were held in fact. Had the Congress intended wholesale, across-the-board cuts it could very easily have provided for that approach. It did not do so. It made provision for selectivity by calling for Tariff Commission hearings dedicated to the careful examination of individual products.

Yet we now find ourselves committed to a course that makes a travesty of the hearings. The hearings were held over a 120-day period and they were concluded about 3 months ago. Are we now to say that these hearings were a mere exercise in blowing off steam? That would be a very cynical interpretation indeed, but that is what they would come to be if our GATT negotiators are not diverted from their present course.

Mr. Speaker, something is obviously wrong here, and it is not difficult to place the blame. It lies with the people downtown who have elected to disregard the integrity of the hearings process and proceeded to make mere puppets out of the many witnesses who appeared before the Commission in response to what they regarded as hearings worthy of the American standard of honesty and integrity. They will be badly duped unless something is done and done soon. The indignity should be corrected. We cannot afford to debase the processes of government in this fashion. If the procedure of public hearings to which we are properly wedded is to be debased in this fashion without vehement protest, we shall rue the example and the consequences.

My district has an interest and a legitimate one in this legislation. Steel and coal provide a great deal of employment in my home area. To expose steel to further tariff reduction in the face of the import and export record of the past 5 years would be an act of economic irresponsibility or worse.

Yet that is not all that is at stake here. Honesty of government is involved. How much confidence can the public have in our Government processes if they are subject to such abuses with impunity? I feel very strongly that this action must be challenged and brought out into the open. The action of the negotiators who have brought the hearings before the Tariff Commission into imminent disrepute must not only be challenged. It must be repudiated. The record must be rolled back and played straight, from a new start. The hearings of the Commission must be given the weight to which they are entitled. It would be an act of weak-kneed expediency and complacency to let the record of the negotiators stand where it is today.

I therefore not only agree with the present legislation. I shall cosponsor it and do all within my power to see that it passes. Obviously this Congress must spell out what it means or the guidelines will be wholly disregarded. It is time in any case that we assert more of our authority under the Constitution to regulate our foreign commerce. We have here an example of what may happen when we give the reins into the hands of those who have no responsiveness to the electorate or the people back home.

These look to us to uphold their most vital interests. It should be a lesson that we should not forget as we observe the administration of the Trade Expansion Act.

Mr. Speaker, I hope that the Ways and Means Committee will treat this bill with the gravity to which it is entitled and that we may soon correct the course taken by the negotiators with GATT.

(Mr. FISHER (at the request of Mr. WAGGONER) was granted permission to revise and extend his remarks at this point in the RECORD.)

Mr. FISHER. Mr. Speaker, not many weeks ago I, myself, occupied some time on this floor under a special order. At that time I expressed dissatisfaction over the Trade Expansion Act and what it is designed to do. I cited several industries in my district, particularly cattle, sheep and tile, that would be distressed if further duty reductions were made under GATT—General Agreement on Tariffs and Trade.

Since that time the opening meeting of GATT was held on May 4 in Geneva. Not much was done but it adopted the 50 percent tariff reduction as its "working hypothesis." It adjourned after 2 or 3 days and agreed that at the next meeting the member countries would submit their list of proposed exceptions, items which they would not offer for duty reduction. September 10 was set as the date for this submission but this date was subsequently changed to November 16.

Mr. Speaker, none of the three industries that I have mentioned, that is, beef, wool and mutton, and lamb, and tile, is in a position to face further tariff cuts. Each one made strong representations before the Tariff Commission to this effect during the hearings of December-March.

Unfortunately, Mr. Speaker, it is now becoming known that the Tariff Commission hearings were really an exercise in useless presentation of facts and figures so far as their effect on the GATT negotiations is concerned. The futility and farcical character of the hearings was established by prior agreements reached in May of last year on ground rules that will govern the actual tariff negotiations.

I am not at all happy over these ground rules. It seems to me that they run counter to sensible and expected practices and procedures because they have foreclosed the effect of the public hearings before the Tariff Commission.

Congress called for these hearings to afford domestic industries an opportunity to make a case either for no further duty reductions or for reductions less than 50 percent. It is indeed a matter of record that most of the hundreds of industries that did testify asked for exemption from further tariff cuts on the grounds that imports were either already working injury or threatened such injury. I can say without fear of contradiction that the products about which I am concerned, already mentioned, are in no position to face further tariff reductions. On the contrary, they need either an increase in the tariff or the imposition of import quotas, or both. It is true of beef. It is true of woolen goods and lamb; and it is true of tile.

If therefore comes as a shock to learn so long after the fact that the President's Special Representative had already agreed before the hearings to hold the exceptions to a bare minimum, meaning, of course, almost none at all. Also, keep in mind, the duty reductions are to be by broad categories, thus losing individual items in the broad sweep. Finally, the working hypothesis of GATT when it gets underway is to be the 50 percent reduction. Departures from this rule will be limited to the minuscule number of exceptions, already mentioned, and those that qualify under the disparities principle.

This latter needs a little attention because it is one of those cute little stratagems proposed by the Europeans that have the effect of putting us on the defensive and giving the other side the better part of the bargain.

The Common Market countries seized on the fact that some of our tariffs are considerably higher than the corresponding European rates and they jumped on this phenomenon to draw a bead on us as a high tariff country. The fact is that our tariff averages lower than the common external tariff of the Common Market, or as it will be when it is completely set up. We do have some higher individual rates but we have many lower rates. Also we have an extensive free list that accounts for nearly 40 percent of our total imports. Yet, we, that is, our representatives dealing with GATT, entertained the suggestion that we should reduce our tariff in those instances more sharply than the countries that in particular instances had a lower tariff, that is, say, half as high as ours, or less. If our tariff, for example, were 30 percent while the EEC had a tariff of 15 percent, we would be expected to cut our rate to 15 percent while they would go to only, say, 10 or 12 percent.

A suggestion of this kind, of course, overlooks completely the reason for difference in tariff levels. Our 30-percent rate would most likely not produce a higher payment in dollars and cents than their 15-percent rate, because of our higher prices. The effects of the higher wage standards of this country are completely overlooked.

Then there is another matter that is being kept very quiet. This is that we assess our duty on foreign f.o.b. value while nearly all other countries assess their ad valorem duties on c.i.f. value and this, so far as Europe is concerned, might represent a base that is 20 to 25 percent higher than ours. They include marine insurance and ocean freight from the United States to their ports while we do not include either item on their shipments to us.

If, for example, our item of export is valued at \$1 f.o.b., port of export, and the EEC duty is 15 percent, they will assess their duty not on \$1 but on \$1 plus marine insurance and freight. This would be expected to raise the base to \$1.20 or \$1.25. We assess our duty on the foreign f.o.b. value without additions of any kind. The foreign value on the same article might well be 75 cents and our duty would be based on 75 cents. The apparent gaping disparity would be greatly narrowed.

Our negotiators have obviously not yet overcome the habit of willingly giving more than we receive. Europeans now acknowledge that in the past we and not European countries did most of the reducing of tariffs. Moreover, in many cases they backstopped tariff reductions with restrictive quotas, exchange controls, import licenses, transaction taxes and other tax devices.

It is time that our negotiators overcome their longstanding habit of free-handed negotiations. We have people at home in this country who have a right to expect fair treatment. The workers have jobs at stake, the producers have their home market at stake. The time is past when we can slash our tariff with supposed impunity. Our protection is down a full 80 percent since 1934. How much have the European tariffs been lowered?

This is a dark secret. Any attempt to get an answer to this question is met with all sorts of twists and dodges. If our State Department knows, it has kept a deep silence on the subject. As for the Department of Commerce? they would not utter a word about it if they knew. The State Department would not permit such an indiscretion. That is where the power over our foreign trade has been concentrated and it is jealously guarded there. All the other offices and agencies are no more than helpless satellites. This is a fact that becomes borne in upon anyone who seeks to enlist their help. The Departments of Agriculture, of Commerce, and of Labor all bow to the State Department in a showdown.

Mr. Speaker, the idea that we can advance the economic interests of this country by sacrificing its industries should have been buried under the mountains of evidence that have accumulated in recent years. Other countries will very quickly fill the gap that we vacate. Let us give up the woolgrowing business, and the gap will be filled very quickly. Let us vacate the beef business, and our place will be taken in a matter of time. Let us give up the woollens business, and other countries will soon supply us. Let us forsake the tile business. The same thing will happen.

Yet there are those who cling to the discredited notion that we should give up all instances in which other countries can produce cheaper than we.

Mr. Speaker, such a course would soon leave us denuded of all industry. Other countries are spreading the spectrum of their production and are very eager to jump into anything that we relinquish. It is no longer a question of who can make what, better. Technology is rapidly dissolving the natural advantages of the past; and other countries are catching up with us technologically at breakneck speed.

We will be shortsighted indeed and tragically naive if we think that we can outdo other countries as we could in the past, that is, paying much higher wages and yet compete almost at will. Mr. Speaker, that day is gone. The machine has revolutionized foreign competition. The very people who never weary of exhorting us about the great changes that the postwar world has brought about never once pause to think that some pro-

found changes have also descended upon international competition, with a most telling impact upon the United States.

Big industries have recognized the facts and are adapting as rapidly as possible by becoming international; but how far can this be carried? If the trend is left to itself and is abetted by further tariff cuts by this country, domestic industry will find itself competitively more and more in an untenable position. The farmers, with some exceptions along the borders, cannot very successfully go abroad to sustain their operations; nor can the small businessman. Labor can join the outward procession only if it wishes to emigrate. These elements will be left holding the economic bag. Our exports will inevitably decline except as we subsidize them.

Mr. Speaker, the time has indeed come when the Congress must assess its responsibility and insist on clear guidelines to be followed by the administrators of our trade laws. Otherwise the type of free wheeling that we have witnessed to date by the President's special representative may be expected to continue.

I am therefore in hearty accord with the legislation that is proposed here this afternoon and am delighted to join in the effort to bring some order out of the present chaos. I support the legislation and join others in asking the Committee on Ways and Means to expedite the legislation so that it can be considered in time. I know of no other legislation that would mean more at the moment to the industries that I have mentioned than this legislation. I strongly urge early consideration and passage in time to be effective.

Mr. PILLION. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I yield to the gentleman.

Mr. PILLION. Mr. Speaker, it is a great privilege for me to congratulate and to commend the gentleman from North Carolina on his comprehensive, cogent, and informative presentation here today. I would like to assure him I am going to continue my cooperation in working for the objectives that both of us have for the protection of American industry and American labor.

Mr. WHITENER. I certainly thank my friend, the gentleman from New York [Mr. PILLION] for his remarks. I think here again, as he and I and others have spoken today and have joined together, we see that where America's best interests are involved as they are so heavily in this problem, that there is no room for partisanship on the usual order but instead in the interest of our country we must be Americans and not Republicans or Democrats and I would hope that more of our colleagues will have the same view that the gentleman from New York [Mr. PILLION] has had about this matter and in divorcing it from political considerations.

Mr. PILLION. I am sure neither of us are selfish about it. I think we both believe there are many areas in foreign trade where concessions can be made based upon the mutuality of benefit and if we confine ourselves to considerations of mutual benefit, I am sure we can pro-

tect the interest not only of this country but also of other countries that we deal with.

Mr. WHITENER. I think the gentleman would agree with me, sometimes we all must feel a little silly here as we labor and work in a legislative way to try to take steps that would create employment in our own country and which would give to our people a higher standard of living and an opportunity to support their families, and then see a bunch of negotiators who have no mandate from the people of any kind but who just happen to have been picked out of the crowd by some appointive authority go to some conference in Geneva or elsewhere and eliminate more American jobs with their signature on a piece of paper than we could create by spending billions of dollars and working diligently here trying to plan for the future of our own people.

Mr. PILLION. Especially when they use our economy for purposes of international diplomacy. I do not mind a little bit of that, but I think that economic considerations should come first and I am sure the gentleman would agree with me.

Mr. WHITENER. I think the gentleman in his characteristic fairness would have to agree with me that this picture that we have is not one which is confined to either a Republican national administration or a Democratic national administration.

Mr. PILLION. No, the gentleman is correct.

Mr. WHITENER. It seems whichever administration we have that they apparently are against doing the things that we think ought to be done to protect our own people.

Mr. PILLION. I certainly agree with the gentleman that there is not a monopoly by any one party so far as our mistakes are concerned along these lines.

Mr. WHITENER. The gentleman has certainly been cooperative not only at this time but in the past and I thank him for his cooperation. I am thankful to our good friend, the gentleman from West Virginia [Mr. MOORE] who has worked so diligently with us on this import problem.

I had the great privilege of visiting some of the textile industries abroad several years ago and of seeing at first hand why we were having a problem in competing. I believe the gentleman from West Virginia [Mr. MOORE] and I came away from Japan and Hong Kong with a new understanding of the problem our people had in competing.

I know that all of us who are interested in the welfare of our country must have our hearts and our minds attuned to Geneva in November, in the hopes that those who are sent there to represent the United States of America will in fact represent America and her people.

Mr. MOORE. Mr. Speaker, will the gentleman yield?

Mr. WHITENER. I am happy to yield to the gentleman from West Virginia.

Mr. MOORE. I desire very much to compliment the gentleman from North Carolina. As he has indicated, it was our privilege to visit Japan and Hong Kong, and to take a very close look at the manufacturing practices of the textile industry in these countries.

To my amazement, as much as it was to the gentleman from North Carolina, was the fact that textiles were produced in facilities with what might be called battalion labor. They moved them in and out like troops on the front line. They worked them 8 hours, put them in dormitories, gave them 8 hours' sleep, and brought them back again.

Mr. WHITENER. They paid them 18 cents an hour, as I remember.

Mr. MOORE. Eighteen cents an hour. Right, and the gentleman and I had an opportunity to go through the kitchen, and to see the food line. The food made the poverty situation in America look like some of our most prosperous areas, I believe the gentleman will agree.

Mr. WHITENER. I must confess that the diet of those folks did not seem to be consistent with the good North Carolina and West Virginia appetites.

Mr. MOORE. That was certainly proved to us.

Mr. WHITENER. I feel sure the gentleman will remember one industrial site which struck our eye, in Hong Kong, where they did not have a contractor sign up saying they were going to build a textile plant. There were seven being built on the same location, and all listed on one big board.

Mr. MOORE. That is correct. As a matter of fact, it looked like area redevelopment program in reverse. Their machinery was as up to date, if not more so, than that which is in the State of the gentleman from North Carolina.

Mr. WHITENER. It is more modern.

Mr. MOORE. Again, I pay high compliments to the gentleman from North Carolina and the gentleman from New York for making this presentation today. My district is vitally interested in this legislation which has been proposed. Steel, glass, chemicals and pottery are the economic mainstays of my particular district and of the State of West Virginia. I do not believe they should continue to be sacrificed at the diplomatic whims of the State Department. I say that with all the malice that one can gather under the rules of this House.

I say that because it seems to me that those who are negotiating for the United States have displayed an utter disregard for American industry and American workers and the difficulties that a number of the industries in the United States are experiencing.

Mr. Speaker, I strongly urge that the Committee on Ways and Means immediately consider this presentation by the gentleman from North Carolina and the gentleman from New York in order that we might have this legislation out here for a complete discussion by all of the membership of the House.

Mr. Speaker, I thank the gentleman for yielding.

Mr. WHITENER. Mr. Speaker, I thank my friend the gentleman from

West Virginia [Mr. MOORE], who has made such a valuable contribution not only today but in the past in regard to this matter. I will say to him that I hope he and I and others can recruit others to this cause, because I am convinced that it is the cause of a better and greater America.

(Mr. MOORE asked and was given permission to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, the Trade Expansion Act of 1962 has had a checkered career. It has failed abysmally to accomplish its central mission so far as its special remedy for injury of a domestic industry and labor is concerned. It has been batted back and forth like a shuttlecock between this country and the Common Market and rendered shameful by the U.S. negotiators who have been so anxious to have the tariff-cutting round succeed that they have accepted ground rules of negotiation that disregard the constitutional position of this country.

As to the first of these observations, the act was to represent a great new departure from the days of Roosevelt and Cordell Hull who both expressed great concern to avoid injury of domestic industry. The new departure was to be marked by ruthless, across-the-board tariff cuts, letting the chips fall where they would. This, of course, represented an irresponsible attitude. Injury to domestic industry was to be no deterrent to deep tariff cuts. The Government would open its purse strings and come to the assistance of industries or companies or labor groups that were seriously injured by imports.

Up to now 11 such cases have been processed by the Tariff Commission and not a single company, not a single industry, and not a single worker has been helped. It was a questionable concept in any case since we were to cause the injury and then provide the rescue; but having been adopted, the language of the act should have been designed to promote the interest of the law rather than restraining it. Instead, the statute laid down almost impossible conditions.

We know from the record that the act must be amended if it is to be in the least responsive to the needs of those elements of industry and labor that are sorely beset by imports. Yet, there is great fear of amendment lest once in the Congress, the amendment might become a vehicle for changing other parts of the act. This fear represents a recognition of the fact that the act of 1962 was passed under circumstances that could not be repeated.

Mr. Speaker, the second observation refers to the weak posture of our negotiators vis-a-vis the GATT and the Common Market. Of course, this should cause no surprise since the Trade Expansion Act of 1962 was the brainchild of our State Department's zealous free traders who think there is a pot of gold at the end of the rainbow.

They proceeded early to forget that the Congress plays a part or should play a part in the regulation of our foreign commerce, something that is provided in the Constitution. Also, of

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course, the Congress is vested with authority to lay and collect duties. The State Department and its helpmeets in other departments have so long ignored these facts that they now habitually proceed as if the power were concentrated constitutionally in the executive.

No one need be surprised then to learn that our negotiators virtually threw the game before it started. They extended forward their hands, clasped together, so to speak, toward GATT, and the GATT knew exactly what to do, and did it. When "Operation Manacle" was completed our hands were well tied and that is the posture our negotiators seem to prefer. They can then plead lack of bargaining power and excuse failures to clear away foreign obstacles to our exports.

To be specific, the President's special representatives accepted prenegotiating conditions that effectively tied our hands. One element of the agreement was that exceptions to or reservations from the bargaining list of items would be held to a bare minimum. By any definition this boils down to a very small proportion of anything.

Even this was not enough. We, meaning our official representative, speaking for the United States, agreed that any list of exceptions that would be presented, even though held to a bare minimum of items, would be subject to confrontation and justification. This meant that the other members of GATT would be in a position to challenge the inclusion of this or that item in our list of exceptions or reservations; and we might then drop some of the items from the list.

I wish that someone would explain to me where this leaves the exercise of judgment in a matter so vital to many of our industries.

I wish someone would also explain to me in clear terms how this submission to a challenge by GATT members of items on our list, items, mind you, placed there in pursuance of the ruling statute; that is, the Trade Expansion Act, can be reconciled with the constitutional power of Congress. The exercise of judgment by which a conclusion is reached in so vital a matter is passed to persons who are not even citizens of the United States but representatives of foreign countries that are our trade competitors.

When such things are done by our trade representatives it becomes clear that they have no regard for the law. Why would the law require hearings, as it does in section 221, by the Tariff Commission, if a bare minimum of exceptions would in any case deprive the hearings of any value? It is like the old story of giving an accused man a fair trial first, as a matter of complying with the law, and then hanging him.

Mr. Speaker, section 221 of the Trade Expansion Act requires that the President furnish the Tariff Commission with a list of articles that may be considered for duty reductions, and so forth. The Tariff Commission is then to hold public hearings and then to advise the President with respect to "each article" of its judgment as to the probable economic effect of modification of duties, and so forth.

The Commission is to investigate—to quote: "conditions, causes, and effects relating to competition between foreign industries producing the articles in question and the domestic industries;" also "to analyze the production, trade, and consumption of each like or directly competitive article, taking into consideration employment, profit levels, and use of productive facilities with respect to the domestic industries concerned and other economic factors including prices, wages, sales, inventories, patterns of demand, capital investment, obsolescence of equipment, and diversification of production."

Mr. Speaker, from all appearances the Tariff Commission is to look quite thoroughly into the many factors that would affect the competitive position of domestic producers of the articles that are to be considered for tariff reductions. Hardly anything is overlooked. The citation I have just made seems complete, but there is more yet.

The Tariff Commission is also to "describe the probable nature and extent of any significant change in employment, profit levels, use of productive facilities and such other conditions as it deems relevant in the domestic industries concerned which it believes such modifications would cause."

I have been quoting from section 221 of the act. The function laid on the Commission is impressive. It represents a serious approach and deep concern for the welfare of domestic industry, as it properly should.

And yet there is more. The Commission is to make "special studies—including studies of real wages paid in foreign supplying industries—whenever deemed to be warranted, of particular proposed modifications affecting U.S. industry, agriculture, and labor."

What more consideration and solicitude for American industry, agriculture, and labor could anyone ask? The requirements are very extensive.

Mr. Speaker, the Tariff Commission did hold hearings, detailed hearings, extending over a period of 4 months.

Looking at the agreement reached by our GATT negotiators in 1963, already mentioned, before even a shot was fired in actual bargaining which has not even yet begun, that is, agreeing to a "bare minimum of exceptions" and "confrontation and justification," Mr. Speaker, one feels stunned.

There is evident here a gross disregard of congressional intent, a contemptuous regard of the Tariff Commission, and indifference to the inescapable debasement of witnesses who appeared before the Commission under these circumstances, including numerous Members of Congress.

It would be contended that refusal to delist items does not mean that full consideration will not be given to the testimony of witnesses; but to make such a rebuttal overlooks the fact that tariff reductions are to be made by broad categories and that this prevents consideration of individual items. It also overlooks the agreement reached by GATT that reductions, except for the items reserved and certain "disparity" items, is to be 50 percent.

Mr. Speaker, the record of administration of the Trade Expansion Act to date is a record of incompetence, gross disregard of legalities, and contempt for domestic economic interests. Such a record was indeed foreshadowed by the shoddy and intemperate character of the legislation itself, which is contradictory in some of the principal provisions, impossible in some of its exactions, and ill-fitted to the needs of American industry, agriculture, and labor. It was indeed the product of exuberant neophytes and superenthusiasts who were in a great hurry to make the free trade dream come true. The result was a bad law that would discredit all who had anything to do with its administration. In this it has succeeded.

Perhaps I should say rather that this monstrous legislative freak which straddles several mutually contradictory objectives and philosophies at once, made its administration a human impossibility. Therefore those who have put their hands to it have been made to look foolish and incompetent.

The act should in fact be repealed, and we should start over again. In lieu of repeal, I heartily agree that a major operation is necessary. We in Congress cannot in good conscience avoid laying down specific criteria to guide the administrators and by so doing pull them out of the morass and also uphold the constitutional function of Congress.

I agree with the gentleman from New York [Mr. PILLION] and join him in the introduction of legislation that, if adopted, would go some distance in rescuing the act's administration from the impossible position in which it now finds itself. I refer both to the negotiations for tariff reductions and the Tariff Commission's record under the adjustment assistance provisions.

My district is vitally concerned with this legislation. Steel, glass, chemicals, and pottery are the economic mainstay of many communities in my part of West Virginia. I do not think they should be sacrificed to the diplomatic whims of the State Department.

I strongly urge that the Committee on Ways and Means give immediate consideration to this legislation and bring out the bill for consideration by this body in its present session. The longer we wait, the deeper the administration of the act will sink in the morass.

ATTACK BY WILLIAM L. SLAYTON

The SPEAKER pro tempore (Mr. LIBONATI). Under previous order of the House, the gentleman from Texas [Mr. Downey] is recognized for 60 minutes.

(Mr. DOWDY asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. DOWDY. Mr. Speaker, my remarks will be concerning the attack by William L. Slayton, Commissioner of the Urban Renewal Administration, upon an article I wrote which appeared in the March 1964 issue of the Reader's Digest, and which was entitled "The Mounting Scandal of Urban Renewal." Shortly after the article appeared, under date April 8, 1964, Mr. Slayton wrote to Mr. DeWitt Wallace, editor and publisher of